



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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May 10, 2017

Lt. Colonel O'Toole, Acting Police Chief
St Louis, Metropolitan Police Department
1915 Olive Blvd.
St. Louis, MO 63103

RE: Review of the St. Louis Metropolitan Police Department (SLMPD) Overtime Pay
(Project #2016-SP03)

Dear Lt.Colonel O'Toole

The Comptroller's Internal Audit Section has completed a review of the Police Department's overtime pay. Enclosed is our report covering the period July 1, 2015 through June 30, 2016. A description of the scope of our work is included in the report. Fieldwork was completed on February 21, 2017

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

If you have any questions, please contact the Internal Audit Section at (314) 657-3454.

Respectfully,

Ishmael Ikpeama, Ph.D.
Internal Audit Supervisor

Enclosure

CC: Ms. Darlene Green, Comptroller
Mr. Jim Garavaglia, Deputy Comptroller
Mr. Frank Richard, Director of Personnel
Mr. Todd Waelterman, Director of Operations, Mayor's Office
Mr. Paul Payne, Budget Director
Ms. Charlene Deeken, Director Public Safety





CITY OF ST. LOUIS

ST. LOUIS METROPOLITAN POLICE DEPARTMENT

OVERTIME PAY

SPECIAL REVIEW

JULY 1, 2015 THROUGH JUNE 30, 2016

PROJECT #2017-SP06

DATE ISSUED: MAY 10, 2017

Prepared By:

The Internal Audit Section



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HONORABLE DARLENE GREEN COMPTROLLER

**CITY OF ST. LOUIS
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OVERTIME PAY
SPECIAL REVIEW
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SUMMARY

Background

Fiscal Year 2015 was a year of changes for the Police Department. It was the first full fiscal year after the city gained local control of the SLMPD and the first year of Police control of the park Rangers unit. There was also an internal reclassification of positions resulting in five security officers becoming City Marshals and 31 civilian recruits-in-training becoming Police Officer Trainees.

After the passage of Ordinance #69489, the city assumed control of the Police Department effective September 1, 2013. At this time, the Board of Police Commissioners was dissolved.

The Chief of Police is responsible for the efficient and effective operation of the Department and implementation of all established policies.

The Community Policing is to provide uniformed patrol services to the citizens of St Louis. It responds to citizens requests and interacting with neighborhood groups.

The Bureau of Investigation conducts criminal investigations concerning crimes of homicide, sex crimes, child abuse, domestic abuse, fraud auto theft, bombing, arson, vice, narcotics etc.

The Bureau of Auxiliary Service provides technical services, transportation, building maintenance, records maintenance, and supplies to the SLMPD.

The Bureau of Professional Standards is responsible for investigating complaints brought against department members, and for all department training needs

The mission of the City Marshal is to protect the Municipal Courts, municipal property and conduct operations as dictated by the Municipal Judicial System..

Purpose

The purpose of this review was to determine if the Police Department effectively and efficiently managed risks relating to overtime pay to ensure:

- Compliance with applicable Special Orders , laws, regulations, policies and procedures.
- Adequate controls over overtime pay
- Police Sergeants etc. worked the actual overtime hours for which they are paid.
- The reliability and integrity of operational information

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Scope and Methodology

The scope of the review covered the period July 1, 2015 through June 30, 2016. The review was confined to evaluating internal controls over the overtime pay, relating to the objectives noted above. The review procedures included:

- Inquiries of management and staff.
- Analytical review of FY 16 overtime-Budget versus Actual.
- FY 16 overtime Budget, Funds 1010 and 1140 analysis.
- Reviews of Overtime procedures and compliance with Special Orders ,applicable laws, contract agreements, regulations, policies and procedures.
- Other procedures as considered necessary.

Status of Prior Observations

There has been no prior audit performed by the Internal Audit Section with regard to the Police Department Overtime pay. As such, there were no recent prior observations to follow-up on.

Exit Conference

An exit conference was held on April 4, 2017 at 1915 Olive Blvd. The Police Department was represented by Chief of Police, Budget and Finance Manager. The Internal Audit Section was represented by two Internal Audit Supervisors.

Conclusion

The opportunity exists for the Police Department to improve compliance with Special Orders and Ordinances, policies and procedures. The following are observations resulting from our review:

1. Opportunity to update metropolitan Police Special Order (S)-01)
2. Opportunity to control extreme over-budget conditions
3. Opportunity to comply with Fair Labor Standards Act Provisions and City Ordinance
4. Opportunity to develop written overtime record retention policy and procedures
5. Non-compliance with Special Orders, Section IV of SO 3 -01 (22.1.1 F) A

Each of these observations is discussed in more detail in the *Detailed Observations, Recommendations and Management's Responses* Section of this report.

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DETAILED OBSERVATIONS AND RECOMMENDATIONS

1. Opportunity To Update Metropolitan Police -Special Order (SO 3-01)

The St Louis Metropolitan Police Department (SLMPD) has a written Compensation Procedures Manual, Special Order #3-01 for earnings, taking and paying for regular overtime, warrant time, court time and court standby time, earning and paying for shift differentials; and earning compensatory time for working certain major holidays.

The SLMPD did not update its Compensatory Procedures Manual, Special Order #3-01.

Section #1 of Special Order #3-01, (22.1.1 F) B. 2. States, "all Sergeants (except those in certain positions as determined by the Board of Police Commissioners as being non-exempt); and civilian members in the positions determined by the Board of Police Commissioners are exempt employees". This Special Order was issued on February 11, 2013 and has not been updated.

During an interview with the Police Department's staff, it was noted that SLMPD does not have the Board of Police Commissioners. The Board of Police Commissioners was dissolved after September 1, 2013.

Section #IV of SO 3-01, J #3, states, "Requests for overtime will be entered into the Computerized Duty Roster System. The original copy of the memorandum authorizing the overtime will be stapled to the overtime slip and forwarded to Budget and Finance, the duplicate copy will be filed in the unit with the unit copy of the overtime slip".

According to the Police Department's Lieutenant and Finance Director, the policies and procedures noted above were issued on October 27, 2014 and have not been updated.

Updated written policy and procedure/Special Orders assist in ensuring that procedures and job functions are effectively communicated to and understood by staff and consistently performed in accordance with management's goals and objectives.

Written and updated policies and procedures provide a basis for the development of performance standards and measures.

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DETAILED OBSERVATIONS AND RECOMMENDATIONS

1.Continued

The lack of written and updated policies and procedures increases the risk:

- That control procedures may not be performed.
- That employees may not be effectively trained.
- That appropriate performance standards and measures may not be developed.

Recommendation

After September 1, 2013, the Board of Police Commissioners was dissolved. Exempt and non-exempt overtime pay policies and procedures are no longer determined by Board of Police Commissioners.

We recommend that :

- Management update Compensation procedures/SO 3-01 as they relate to exempt employees from FLSA overtime pay within the St Louis Police Department.
- Updated policies and procedures should be approved by management and effectively communicated to the Department's staff.

Management's Response

Special Order 3-01 will be reviewed with the Department of Personnel (DOP) to bring the Police Department into compliance with City Ordinance. The result of this review will either be an amended 3-01 or the Order will be rescinded. These changes will be transmitted to Police Department employees through the PASS system.

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DETAILED OBSERVATIONS AND RECOMMENDATIONS

2.Opportunity To Control Extreme Over-budget Conditions

The St Louis Metropolitan Police Department (SLMPD) lacked a realistic budget. Based on Fiscal year 2015-2016 Annual Operating Plan, the Department went from \$8,503,948 overtime budget to \$13,429,090, an increase of \$4,925,142 (\$13,429,090-\$8,503,948) or approximately 58%.

There is no oversight review to control overtime pay budget, therefore, no incentive for Section leaders to stay within the budget.

Management controls of overtime pay budget were inadequate. Because there was no independent monitoring for trends and abuse, a review of FY 16 Overtime Tracking Report for Police Hours revealed the following:

- Between July 3, 2015 and June 17, 2016 one Police Officer earned \$77,004 for 1,821 hours in overtime. This is in addition to his 2,080 regular work hours in the same pay period.
- Another Police Officer earned \$75,692 for 1,757 hours in overtime. This is in addition to his 2,080 regular work hours in the same pay period.
- Another Police Officer earned \$62,854 for 1,159 hours in overtime. This is in addition to his 2,080 regular work hours in the same pay period.

Metropolitan Police Department-City of St. Louis, Special Order, #2.06, Section IV, issued October 27, 2014, requires the Budget and Finance Division to perform an analysis of historical overtime usage. This analysis, monitoring and oversight controls may ensure that the department does not exceed its annual budget. There was a total of 1,353 Police Officers and civilian employees in the SLMPD who earned overtime hours and money. Of this, about 5% earned between \$5,000 and \$77,004 during the 2015/16 fiscal year

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2. Continued

The highest single usage, 258,581 out of 342,414 overtime hours (76%) of SLMPD Officers worked between 305 and 1,821 overtime hours from July 3, 2015 to June 17, 2016.

The 342,414 overtime hours worked between July 3, 2015 and June 17, 2016 could not be verified whether or not the Officers actually worked these hours because detailed time sheets and adequate supporting documents were not maintained.

Internal Audit could not verify or determine whether or not 171 hours or more had been worked by Sergeants in a 28 day work period as required by compensation ordinance (Section 15. A) because detailed time sheets are not maintained. According to the Comptroller's Payroll Manager, all payroll received is a summary report from SLMPD with no details.

The Internal Audit determined that there is no evidence that the Police management requested approval from the Comptroller's Office or the Board of Estimate and Apportionment (Board of E & A) to transfer funds to cover the excess overtime budget.

Based on our interview with SLMPD officers, Internal Audit was informed that the cause for the excessive overtime hours was because of staff shortages in the department.

According to the Department's Lieutenant, as of March 20, 2017:

- SLMPD staffing reports indicate the Department has 112 commissioned officers form an authorized strength of 1,303.
- The Chief of Police has continued to work with the Department of Personnel to have at least two Academy classes at any given time. During some overlap of classes, there have been three classes for short periods (1-2 weeks)
- Keeping up with commissioned resignations/retirements is certainly an issue because it takes roughly 30 weeks to train a class of recruits
- In the past two fiscal budget years, the Commissioner has asked to increase the Department's authorized commissioned strength

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2.Continued

Recommendation

We recommend that:

- The St Louis Metropolitan Department establish a realistic annual overtime budget to reflect its current budget needs.
- The department establish an independent management oversight to review, monitor and control its overtime budget to ensure there is no extreme excess usage..
- The Budget and Finance Division of SLMPD perform quarterly/semi-annual analysis of historical overtime usage. This control analysis should be reported to management to ensure effective and efficient budget control. The 58%(per cent) excess overtime budget is extreme and should be controlled.
- The Overtime Tracking Report for Police hours should be reviewed to ensure that no Police Officer works for 195 hours (115 overtime plus 80 hours) in two weeks because of safety reasons especially the Officers in traffic sections
- There is reconciliation of the overtime payments to the approved overtime budget.
- The SLMPD request proper approval from the Comptroller's Office or Board of E & A to transfer funds from one account to the overtime budget account.

Management's Response

- *The Police Department will continue to request a realistic overtime budget*
- *The Police Department will reaffirm to its managers their responsibility to review and monitor their overtime budgets with estimates of excessive overtime expenditure being prepared on a bi-weekly basis for the Police Commissioner.*
- *A Report of overtime hours worked by employees will be prepared and distributed bi-weekly to Commanders. This report will highlight those employees who have exceeded established levels of permitted overtime.*

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DETAILED OBSERVATIONS AND RECOMMENDATIONS

2. Continued

- *The Police Department will continue to distribute a report that provides Commanders with comparisons of actual overtime expenditures to the approved budget.*
- *If the Police Department is going to exceed its overtime budget, it will request a budget transfer from the Board of Estimate and Apportionment*

3. Opportunity To Comply With Fair Labor Standards Act Provisions And City Ordinance

The SLMPD did not comply with its Special Order (SO 3-01), Section 1, B (22.1.1 F) and City of St Louis, Ordinance #70285, Section 15.

Special Order 3-01, Section 1 B 2(22.1.1 F) states, "The following employees are exempt from FLSA overtime compensation provisions":

a. All Lieutenants and higher ranks

City Ordinance #70285, Section 15 (a) states, "The Department of Personnel shall determine those positions in the Classified Service of the City of St Louis which are exempt from overtime compensation. These classes are primarily managerial in nature, but may include some professional or administrative classes that are ineligible for overtime pay under all but emergency conditions as described in Section 15 (d) of this ordinance

These are supervisors, professional and administrative classes that are exempt from overtime compensation, but which City compensates for overtime at the straight (1.0x) time rate

An appointing authority may compensate Overtime Code 1 employees at the straight time (1.0x0 rate, when

1. The Mayor of the City of St Louis declares an emergency due to serious and protracted conditions which threaten continuous City Service.

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DETAILED OBSERVATIONS AND RECOMMENDATIONS

3. Continued

2. The appointing authority directs an employee or group of employees to work in excess of 40 hours per week. The appointing authority shall maintain attendance records of the assignment(s) and submit records at the request of the director of Personnel.

The SLMPD did not comply with the Ordinance #70285, section 15 (a) and (d)

The Fiscal Year 2016 Overtime Tracking Report for Police by hours shows that thirty (30) Lieutenants who are exempt from overtime compensation by the two regulations noted above, earned \$183,389 for 5,181 hours between July 3, 2016 and June 17, 2016. It should be noted that the 5,181 overtime hours could neither be verified nor tracked because of inadequate supporting documents.

During our interviews on July 28, 2016 and February 16, 2017, with the Department's staff, we were informed that the Chief of Police, the Sergeants and the Police Commanders approved overtime hours. In addition, we were informed that Lieutenants who received overtime hours were paid from grants or contracts. Internal Audit reviewed a sample of five contracts (Missouri Department of Highway Safety, Missouri Department of Transportation, Downtown St. Louis Community Improvement District, Missouri Department of Transportation, Missouri Department of Transportation) and determined that Police Lieutenants were not specifically included in personnel overtime costs.

When Special Orders and Ordinances are not complied with, it may lead to:

- Potential violation of laws and regulations
- Inadequate or loss of control over overtime pay
- Uneconomical or inefficient use of resources (overtime hours allocated).

Recommendation:

We recommend that SLMPD comply with Special Order 3-01, Section 1. B.2 (22.1.1 F) and City of St Louis Ordinance #70285, Section 15 (a, d)..

Management's Response

The Police Department will work with the Department of Personnel to ensure that its policies and procedures are in compliance with city Ordinances and the FLSA

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4..Opportunity To Develop Written Overtime Record Retention Policy And Procedures

The Fair Labor Standard Act (FLSA) # 21, requires that employers keep certain records. These records include certain identifying information about the employee and data about the hours worked and the wages earned. One basic record that an employer must keep include total overtime earnings for the week.

FLSA 29 C.F.R. Section 516.3, states, "An employers must preserve the above records for at least three (3) years from the date of last entry."

Department of Personnel Administrative Regulation #134, effective October 7, 2012, #III. A (5), states, "Attendance and pay records must be maintained for a minimum period of three (3) years and until the Comptroller's audit for the period covered has been completed".

The SLMPD did not develop written overtime record retention policy. According to the Police Commissioner's letter, dated January 23, 2017, the Duty Rosters (District worksheets) are not required nor mandated to be retained by the Department." "The People-Soft System acts as the repository for the time and labor information rather than paper forms. Once the worksheet information is transferred to the People-Soft System, they are normally destroyed."

When written overtime records retention policies and procedures are not developed and communicated to the staff:

- The risk exists that the Department's policies and procedures, regulations may be violated.
- Employees may be unfamiliar with the policies and procedures.
- Responsibilities may not be assigned

Recommendation:

We recommend that the SLMPD develop written overtime policies and procedures on records retention. The records on overtime should include certain identifying information about the employee and the data about the hours worked and the wages earned. Records on which employee's weekly overtime pay computations are based should be preserved for at least three (3) years from the date of last entry.

The overtime records should be retained until the Comptroller's audit for the period covered has been completed.

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4. Continued:

Management's Response

The Police Department retains electronic time and attendance records including overtime requests back to April, 2008. The Department's Planning Division will create a specific policy that exceeds the city's retention standard.

5. Non-compliance With Special Order, Section IV of SO 3-01(22.1.1 F) A

Section IV of SO 3-01, issued October 1, 2004 states that overtime should be authorized prior to being worked.

Internal Audit obtained and reviewed some SLMPD documents (No title) and determined that the Department employees did not comply with Section IV of SO 3-01 (A.1). We noted the following:

- Ten Police Officers worked for 319 hour without prior authorization in violation of Special Order, Section IV of SO 03-01.
- There were 106 instances where Police Officers worked 848 hours for overtime while on vacation and without prior authorization.
- Based on the Police documents provided to the Internal Audit, our review revealed that there were 106 Police Sergeants who were paid overtime while on vacation. We could not determine the dollar value of these hours because there were no proper audit trails or supporting documents to review and reconcile to the Overtime Tracking Report for Police by Hours.

The cause for the non-compliance with this policy may be that some Officers are unfamiliar with the requirements or there is the lack of proper communication. We could not verify whether or not these were emergency conditions.

When policies and procedures are not complied with, it may lead to:

- Inadequate or loss of control over the management of overtime hours actually worked by Police officers.
- Ineffective control of overtime hours by Management.

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5. Continued:

Recommendation:

It is recommended that Police Department 's Officers comply with Special Order, Section IV of SO 3-01 and obtain prior authorization (except in emergency) before working overtime.

The source documentation for overtime pay request and the approval should be attached to the Department's Time sheet

Management's Response

- *The electronic overtime request form requires that employees enter the DSN of the Supervisor who verbally approved that the overtime was permitted.*
- *The Police Department will begin the process of requiring each employee to electronically enter their time into PeopleSoft for their Supervisor's approval. This will move the Department away from the current process in which unit timekeepers enter employees' time into PeopleSoft.*

Limitations of this Report.

The period covered by our report was the period, July 1, 2015 through June 30, 2016. It does not cover any period prior to or subsequent to these dates.

This report does not provide conclusions involving legal determinations.